RECORD AND BRIEFS

No. 16-712

Supreme Court, U.S.
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In The

Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, et al.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

BRIEF FOR PETITIONER

C. ERIK HAWES
MORGAN, LEWIS & BOCKIUS LLP
1000 Louisiana Street, Suite 4000
Houston, Texas 77002
T. 713.890.5000

ALLYSON N. HO
Counsel of Record
JUDD E. STONE
MORGAN, LEWIS & BOCKIUS LLP
1717 Main Street, Suite 3200
Dallas, Texas 75201
T. 214.466.4000
allyson.ho@morganlewis.com

Counsel for Petitioner

COCKLE LEGAL BRIEFS (800) 225-6964
WWW.COCKLELEGALBRIEFS.COM

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QUESTION PRESENTED

Whether *inter partes* review—an adversarial process used by the Patent and Trademark Office (PTO) to analyze the validity of existing patents—violates the Constitution by extinguishing private property rights through a non-Article III forum without a jury.

PARTIES TO THE PROCEEDINGS AND RULE 29.6 STATEMENT

The parties to the proceedings include those listed on the cover.

Oil States Energy Services, LLC, formerly known as Stinger Wellhead Protection, Inc., is a wholly owned subsidiary of Oil States Energy Services Holding, Inc., which is a wholly owned subsidiary of Oil States International, Inc., a publicly traded company.

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STATEMENT OF JURISDICTION

The court of appeals entered its order denying *en banc* rehearing on July 26, 2016. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

Article III of the United States Constitution provides:

> The judicial Power of the United States, shall be vested in one supreme Court, and in such inferior Courts as the Congress may from time to time ordain and establish. The Judges, both of the supreme and inferior Courts, shall hold their Offices during good Behavior, and shall, at stated Times, receive for their Services a Compensation which shall not be diminished during their Continuance in Office.

The Seventh Amendment to the United States Constitution provides:

> In Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.

STATEMENT

From centuries before the Founding until centuries after, courts adjudicated patent-infringement and patent-validity disputes. These cases resolved competing claims to private property rights, with juries deciding disputed questions of fact, such as whether a patent's claims described a novel invention. Article III promises a court to these litigants, and the Seventh Amendment promises a jury.

Six years ago, with the Leahy-Smith America Invents Act, Pub. L. No. 112-29, 125 Stat. 284 (2011) (AIA), Congress established *inter partes* review, which allows private third parties to remove these cases from Article III courts and transfer them to an administrative agency within the Executive Branch. That agency—the PTO's Patent Trial and Appeal Board (Board)—conducts "trial proceedings," as the Board correctly calls them, presided over by Board "judges," who serve for no particular term, depend on superior

Executive officers for raises and promotions, and ultimately answer to a political appointee of the President, the Director of the PTO, who can and has intervened in Board proceedings specifically (and admittedly) to alter the outcomes of cases.

Neither Article III nor the Seventh Amendment tolerates this arrangement. By reserving "the judicial Power of the United States" to the Judicial Branch, Article III permits only courts to adjudicate these cases involving common-law, private-property rights. Especially "as the administrative state expands and non-Article III tribunals adjudicate more disputes * * * there must be vigilance in protecting Article III jurisdiction." *Cascades Projection LLC* v. *Epson Am., Inc.*, Nos. 2017-1517, 2017-1518, 2017 WL 1946963, at *14 (Fed. Cir. May 11, 2017) (Reyna, J., dissenting from denial of initial hearing *en banc*). And the Seventh Amendment, which "preserve[s]" the right to a jury for "Suits at common law," entitles litigants to the common-law decider of facts in these suits: a jury. By permitting an administrative agency to extinguish private property rights, *inter partes* review violates both Article III's separation of powers and the Seventh Amendment's right to a jury.

1. Patent rights in the United States existed long before the framing of the Constitution, which provides in Article I, § 8, cl. 8 that "Congress shall have the power * * * [t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." B. Zorina Khan,

Looking Backward: Founding Choices in Innovation and Intellectual Property Protection, in FOUNDING CHOICES: AMERICAN ECONOMIC POLICY IN THE 1790s 322-23 (Douglas A. Irwin & Richard Sylla eds., 2010). These patent rights trace their lineage to similar rights that existed for centuries in England, where disputes about these rights were resolved in courts—either at law or before the Court of Chancery. Sean Bottomley, *Patent Cases in the Court of Chancery, 1714-58*, 35 J. LEGAL HIST. 27, 36-37, 41-43 (2014); see also H. Tomás Gómez-Arostegui, *Equitable Infringement Remedies Before 1800*, RESEARCH HANDBOOK ON THE HISTORY OF COPYRIGHT LAW 195, 210-12 (2016). Disputed fact questions in these matters were resolved by juries—even in Chancery. *Liardet* v. *Johnson*, 62 Eng. Rep. 1000, 1002 (Ch. 1780).

For the first several hundred years, the U.S. patent system was based on a "first to invent" doctrine—which meant that the inventor who first conceived of the invention and then reduced it to practice was entitled to patent protection. *Seymour* v. *Osborne*, 11 Wall. 516, 552 (1870). Under the first-to-invent rule, when a subsequent application claimed the right to patent an already applied-for or already patented innovation, the PTO could declare that the later application "interfered" with the earlier. Patent Act of 1836, Pub. L. No. 24-357, § 8, 5 Stat. 117, 120-21 (1836); 35 U.S.C. § 135(a) (2006). These "interference" proceedings applied only to applications relatively close in time, e.g., 35 U.S.C. § 135(b)(1) (one year following issuance of patent on same material), and determined only the true inventor of the patented subject matter. 35 U.S.C.

§ 135(a). Interference proceedings could be appealed as of right to either a federal district court (for a full trial, including plenary trying of facts) or a federal appellate court, at the appellant's option, with all questions of law reviewed *de novo*. *Kappos* v. *Hyatt*, 132 S. Ct. 1690, 1697-98 (2012) (describing 1836 Patent Act and judicial review available); *Streck, Inc.* v. *Research & Diagnostic Sys., Inc.*, 659 F.3d 1186, 1191-92 (Fed. Cir. 2011). Aside from these limited proceedings to determine the true inventor, federal courts alone adjudicated the validity of issued patents. *Patlex Corp.* v. *Mossinghoff*, 758 F.2d 594, 601 (Fed. Cir. 1985) (citing *Iowa State Univ. Research Found., Inc.* v. *Sperry Rand Corp.*, 444 F.2d 406, 409 (4th Cir. 1971)).

2. In 1981, Congress instituted an administrative proceeding called *ex parte* reexamination, whereby Congress provided a means for the PTO to address substantial questions about issued patents in collaboration with patent owners. See *Patlex*, 758 F.2d at 601-02. An *ex parte* reexamination begins when either a patent owner or a third party requests it. The request must be based on prior art—patents or printed publications indicating that the invention claimed in the patent was already known. 35 U.S.C. §§ 301, 302. If the PTO determines that the requester has raised a substantial new question of patentability, then the PTO orders the patent to be reviewed via an *ex parte* reexamination proceeding. 35 U.S.C. § 303. This proceeding involves only the patent owner and the PTO; third-party requesters are precluded from further involvement unless the patent owner files a statement seeking to rebut the requester's assertions of a

substantial new question of patentability, in which case the requester may respond. 35 U.S.C. § 304.

Ex parte reexamination is fundamentally an interactive process—similar to a patent's initial prosecution—in which a patent owner submits claims, the patent examiner provides written responses explaining the examiner's conclusions regarding whether the claims are patentable in the light of the identified prior art, and the patent owner can respond either by challenging the examiner's assertions, amending the claims, or cancelling the claims. See 37 C.F.R. §§ 1.530-1.570. In an *ex parte* reexamination, there is no opportunity for discovery, and third parties do not participate in any other way. 35 U.S.C. § 305.

This "focus on previous examinations rather than prior litigation" or trappings of litigation "follows from the fact that 'reexamination[s are] conducted according to the procedures established for [an] initial examination,' 35 U.S.C. § 305, and PTO examination procedures have distinctly different standards, parties, purposes, and outcomes compared to civil litigation." *In re Swanson*, 540 F.3d 1368, 1377 (Fed. Cir. 2008). Once an *ex parte* reexamination begins, it can neither be withdrawn nor settled, and it ends only when the PTO confirms or cancels the patentable claims following any amendments the patent owner makes in an attempt to preserve the patent. 35 U.S.C. § 307.

3. Congress expanded the reexamination regime in 1999 when it created *inter partes* reexamination, which was designed to "make reexamination a viable,

less-costly alternative to patent litigation by giving third-party requesters the option of inter-partes reexamination procedures," in which third-party requesters were "afforded an expanded, although still limited, role in the reexamination process." 145 CONG. REC. S13,259 (daily ed. Oct. 27, 1999) (statement of Sen. Hatch); see also *Cooper Techs. Co.* v. *Dudas*, 536 F.3d 1330, 1332 (Fed. Cir. 2008).

Both *ex parte* and *inter partes* reexaminations were overseen by administrative patent judges who, along with the Director, the Deputy Director, the Commissioner for Patents, and the Commissioner for Trademarks, formed the Board of Patent Appeals and Interferences (BPAI). 35 U.S.C. § 6 (1999). The BPAI also reviewed adverse decisions of examiners upon applications for patents. 35 U.S.C. § 134(a).

Inter partes reexamination afforded third-party requesters "an expanded, although still limited role" by permitting them to (1) file comments on substantive submissions by patent owners; (2) introduce evidence to rebut the patent owner's evidence or the examiner's findings; (3) submit additional prior art; (4) file petitions to extend page limits or obtain other exceptions to the procedural rules; or (5) appeal the examiner's determination regarding patentability. But as the PTO warned, "[p]atent owners and third party requesters are cautioned that the reexamination statute, regulations, and published examining procedures do not countenance so-called 'litigation tactics' in reexamination proceedings." MANUAL OF PATENT EXAMINING PROCEDURE § 2609 (9th ed., 2015). *Inter partes*

reexaminations were thus designed to resemble traditional claim amendment-and-response patent prosecution and were not adversarial. *Ibid.*

4. In 2011, Congress passed the AIA to "update our patent laws." H.R. REP. NO. 112-98, at 39 (2011). The AIA made several significant changes to the U.S. patent system, including replacing the "first to invent" regime with a "first to file" regime, and abolishing *inter partes* reexamination and replacing it with *inter partes* review. 125 Stat. at 299, 305. The AIA also renamed the BPAI, which is now the Patent Trial and Appeal Board. *Id.* at 290.

Like its predecessor, the Board reviews examiners' adverse decisions on applications for patents and appeals of *ex parte* (and residual *inter partes*) reexaminations. 35 U.S.C. § 6. The Board likewise oversees residual interference proceedings. *Ibid.* But now the Board also reviews existing patents through *inter partes* review, which allows the Board for the first time to extinguish patent rights after adjudicating a litigation-like adversarial proceeding between the patent owner and a third party. See 35 U.S.C. §§ 311(a) & 318(a); *Google Inc.* v. *Jongerius Panoramic Techs., LLC*, IPR 2013-00191, Paper 50, at 4 (PTAB Feb. 13, 2014).

Like litigation, *inter partes* review begins with the filing of a petition—almost always by an alleged patent infringer—that asks the Board to invalidate a patent on the ground that it was anticipated by or rendered obvious in view of identified prior art. 35 U.S.C.

§ 311(b). The petitioner and patent owner then participate in an adversarial proceeding before the Board, which refers to that proceeding as a "trial." Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,758 (Aug. 14, 2012) (codified at 37 C.F.R. § 42). The parties take discovery, engage in motion practice regarding evidence, and cross-examine fact and expert witnesses via depositions. See *id.* at 48,757-48,768.

Many of the procedural rules that govern the proceedings are often based expressly on the Federal Rules of Civil Procedure. E.g., *id.* at 48,760 (*inter partes* review procedures on sealing confidential information designed "in a manner consistent with Federal Rule of Civil Procedure 26(c)(1)(G)"); 48,761 ("The types of discovery available under the Federal Rules of Civil Procedure can be sought by the parties."); 48,762 (modeling option for required disclosures "after Rule 26(a)(1)(A) of the Federal Rules"); 48,772 (prohibiting "speaking" objections "[c]onsistent with the policy expressed in Rule 1 of the Federal Rules of Civil Procedure"). The Board holds a hearing, 37 C.F.R. § 42.70, and—in view of all the record evidence—issues a "final written decision" on whether the patent should be invalidated. 35 U.S.C. § 318(a). The Board's regulations refer to this decision as a "judgment." Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,766-48,767. The judgment may be appealed as of right only to the Federal Circuit. 35 U.S.C. §§ 141(c), 319.[1]

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[1] By contrast, a party dissatisfied with an interference proceeding had recourse to the federal district courts for plenary review of all questions of law raised in the interference. See 35 U.S.C. §§ 141, 146 (1999).

The Director of the PTO, who is a political appointee, selects how many and which of the Board's officers—called "judges"—will preside over any given case, subject only to the statutory requirement that each case "shall be heard by at least 3 members of the Patent Trial and Appeal Board, who shall be designated by the Director." 35 U.S.C. § 6(c). The Director can designate himself as a member to decide an *inter partes* review. See 35 U.S.C. § 6(a) ("The Director, the Deputy Director, * * * and the administrative patent judges shall constitute the Patent Trial and Appeal Board.").

In what one Federal Circuit judge described as "case-specific readjudication," a Solicitor for the PTO has acknowledged that the Director has added additional judges to a Board panel to reverse the panel's judgment. Oral Argument at 48:00-06, *Yissum Research Dev. Co. of the Hebrew Univ. of Jerusalem* v. *Sony Corp.*, 626 F. App'x 1006 (Fed. Cir. 2015) (Nos. 2015-1342, 2015-1343).[2] As a Solicitor for the PTO explained, the Director has to "be able to make sure that her policy judgments are enforced by the Board" in any given case. *Id.* at 43:17-42.

Over the last several years, the Board has more than tripled in size "in large part due to the establishment of the AIA trials under the America Invents

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[2] Available at http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2015-1342.mp3.

Act."[3] The first written opinion in one of these trials issued in late 2013; the Board has received thousands of petitions since. See *Garmin* v. *Cuozzo Speed Tech.*, IPR 2012-00001, Paper 59 (PTAB Nov. 13, 2013); *AIA Progress Statistics*, USPTO, PATENT TRIAL & APPEAL BOARD (Sept. 25, 2014), https://www.uspto.gov/sites/default/files/ip/boards/bpai/stats/aia_statistics_09_25_2014.pdf.

Currently, over 200 judges serve on the Board. Erin Coe, *4 Favorites for PTAB's Top Post*, LAW360 (Jan. 7, 2016), https://www.law360.com/articles/742735/4-favorites-for-ptab-s-top-post. The vast majority—over 80 percent—are former patent attorneys with extensive experience in patent litigation. Jennifer R. Bush, *Administrative Patent Judges: Not Your Typical Federal Judge*, FENWICK & WEST LLP (July 10, 2014), https://www.fenwick.com/publications/pages/administrative-patent-judges-not-your-typical-federal-judge.aspx.

5. Petitioner Oil States Energy Services, LLC is an industry leader in providing support and service equipment to the global oil and gas industry. Oil States owns a patent that covers apparatuses and methods of protecting wellhead equipment from the pressures and abrasion involved in the hydraulic fracturing of oil wells—U.S. Pat. No. 6,179,053 (the '053 Patent)—invented by Murray Dallas, an employee of a

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[3] *Organizational Structure and Administration of Patent Trial and Appeal Board*, USPTO (May 12, 2015), https://www.uspto.gov/sites/default/files/documents/Organizational%20Structure%20of%20the%20Board%20May%2012%202015.pdf.

predecessor company of Oil States. Pet. App. 4, 5, 20-21.

In 2012, Oil States filed an infringement suit against Greene's Energy Group, LLC; Greene's filed an answer, asserting the affirmative defense and counterclaim of invalidity. Answer at 11, 14, *Oil States Energy Servs., LLC* v. *Trojan Wellhead Prot., Inc.*, No. 6:12-cv-611, 2014 WL 12360946 (E.D. Tex. 2014), ECF No. 12.

Almost a year into the litigation, as the case neared the close of discovery, Greene's petitioned the Board to institute *inter partes* review. *Greene's Energy Grp., LLC* v. *Oil States Energy Servs., LLC*, IPR 2014-00216, Paper 1 (PTAB Dec. 3, 2013). Greene's argued that the '053 Patent was anticipated by prior art—i.e., a previous patent application, also filed by Dallas, concerning an earlier invention, features of which the '053 Patent explicitly criticized. *Ibid.*; see also *Trojan Wellhead Prot., Inc.*, 2014 WL 12360946, at *8-9. Over Oil States' opposition, the Board instituted *inter partes* review of the '053 Patent. *Greene's Energy Grp., LLC* v. *Oil States Energy Servs., LLC*, IPR 2014-00216, Paper 12 (PTAB June 10, 2014).

The district court then issued its claim construction order in the underlying civil litigation, construing the terms of the '053 Patent in a way that, as Greene's conceded, conclusively resolved against Greene's the claim that Dallas's application anticipated the '053 Patent. *Greene's Energy Grp., LLC* v. *Oil States Energy Servs., LLC*, IPR 2014-00216, Paper 52 at 14-15 (PTAB Feb. 11, 2015). This same claim formed the basis of

Greene's *inter partes* review petition. *Trojan Wellhead Prot., Inc.*, 2014 WL 12360946, at *8-9.

The *inter partes* review proceeding continued in parallel. Oil States argued that the Board should adopt the same claim constructions as the district court—but the Board disagreed in its final written decision. Pet. App. 14-18. Acknowledging that the district court came to a different conclusion, the Board nevertheless held that Oil States' patent had been anticipated by the previous patent application. *Id.* at 14, 29. As a result, the Board concluded that the claims were "unpatentable." *Id.* at 5. The Board denied Oil States' application to amend its claims, instead invalidating them. *Id.* at 36.

Oil States appealed the Board's final judgment to the Federal Circuit, challenging both the merits of the Board's decision and the constitutionality of *inter partes* review under Article III and the Seventh Amendment. Notice of Docketing, *Oil States Energy Servs., LLC* v. *Greene's Energy Grp., LLC* (No. 2015-1855), 639 F. App'x 639 (Fed. Cir. 2016) (mem.), ECF No. 1; Brief of Patent Owner-Appellant Oil States Energy Services, LLC, *Oil States Energy Servs.*, 639 F. App'x 639 (No. 2015-1855), ECF No. 16. The government intervened on appeal to defend *inter partes* review and its application in this case. Notice of Intervention by the United States Patent and Trademark Office, *Oil States Energy Servs.*, 639 F. App'x 639 (No. 2015-1855), ECF No. 19. Before briefing closed, however, the Federal Circuit issued its decision in *MCM Portfolio LLC* v. *Hewlett-Packard Co.*, 812 F.3d 1284 (Fed. Cir. 2015), which rejected the same challenges to

the constitutionality of *inter partes* review, and thereby foreclosed Oil States' Article III and Seventh Amendment arguments.

After oral argument, the panel summarily affirmed the Board without issuing an opinion. Pet. App. 1-2. The court of appeals denied panel rehearing and rehearing *en banc*. *Id.* at 37, 38. This Court granted Oil States' petition for a writ of certiorari.

SUMMARY OF ARGUMENT

Congress may not remove cases from the federal courts because it does not like their judgments. As this Court has long held, "Congress may not 'withdraw from judicial cognizance any matter which, from its nature, is the subject of a suit at the common law, or in equity, or admiralty.'" *Stern* v. *Marshall*, 564 U.S. 462, 484 (2011) (quoting *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 18 How. 272, 284 (1855)). That is just what Congress has done with *inter partes* review, which wrests patent-validity cases from federal courts and entrusts them to administrative-agency employees, who decide questions of law that Article III reserves to judges and questions of fact that the Seventh Amendment reserves to juries. Neither Article III nor the Seventh Amendment tolerates this circumvention.

I. Article III, Section 1—which vests "[t]he judicial Power of the United States" in "one supreme Court, and in such inferior Courts as the Congress may from

time to time ordain and establish"—protects both the separation of powers and the rights of litigants. *Wellness Int'l Network* v. *Sharif*, 135 S. Ct. 1932, 1938 (2015) (quoting U.S. CONST. art. III, § 1). Article III serves these dual aims "by specifying the defining characteristics of Article III judges." *Stern*, 564 U.S. at 483. These characteristics—life tenure and salary protection—"ensure that each judicial decision [is] rendered, not with an eye toward currying favor with * * * the Executive," but instead with the "[c]lear heads * * * and honest hearts" that are "essential to good judges." *Id.* at 484 (quoting 1 WORKS OF JAMES WILSON 363 (J. Andrews ed. 1896)).

But "Article III could neither serve its purpose in the system of checks and balances nor preserve the integrity of judicial decisionmaking if the other branches of the Federal Government could confer the Government's 'judicial Power' on entities outside Article III." *Ibid.* That is why "[w]hen a suit is made of 'the stuff of the traditional actions at common law tried by the courts at Westminster in 1789,' * * * the responsibility for deciding that suit rests with Article III judges in Article III courts." *Ibid.* (quoting *N. Pipeline Constr. Co.* v. *Marathon Pipe Line Co.*, 458 U.S. 50, 90 (1982) (Rehnquist, J., concurring in the judgment)).

Inter partes review impermissibly transfers the responsibility for deciding common-law suits from Article III judges to administrative agency employees who are beholden to Executive Branch officials—precisely the evil the Framers sought to avoid. See *id.* at 483 ("In establishing the system of divided power in the

Constitution, the Framers considered it essential that 'the judiciary remain[] truly distinct from both the legislature and the executive.'" (quoting THE FEDERALIST No. 78, p. 466 (Alexander Hamilton) (C. Rossiter ed., 1961))).

First, patent-validity cases were traditionally tried in English courts, as all parties agree. Fed. BIO at 15; Greene's BIO at 6. Patent-validity questions usually arose in response to an infringement action, which was brought in the courts of law or the Court of Chancery. Either way, the matter was "the subject of a suit at the common law, or in equity, or admiralty," and thus its adjudication cannot be transferred from Article III courts to the Board. *Stern*, 564 U.S. at 484 (quoting *Murray's Lessee*, 18 How. at 284).

Second, the Board unquestionably exercises "the judicial power of the United States" in conducting *inter partes* review. The proceeding, which the Board calls a "case," e.g., Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,756, 48,759, 48,762, begins when a patent challenger seeks a judgment of invalidity from the Board. The parties resolve preliminary issues through motions practice, take discovery, examine witnesses, and proceed to a "trial," resolved by "judges," culminating in a final, self-executing "judgment." This is the exercise of the "judicial Power of the United States."

The Board exercises the judicial power to adjudicate disputes between private parties over private-property rights. A patent is emphatically a private property right, "taken from the people, from the public,

and made the private property of the patentee," *United States* v. *Am. Bell Tel. Co.*, 128 U.S. 315, 370 (1888), and no "public right" exception excuses this failure to comply with Article III. Patent-validity claims subject to *inter partes* review are not asserted by or against the government; *inter partes* reviews occur between private parties. They have not been exclusively resolved by another branch; courts have adjudicated these cases for centuries. Nor are they new statutory obligations integrally related to a particular governmental enforcement action: patent rights predate the Constitution by centuries, and the federal government enforces no other governmental action through *inter partes* review. If a patent-validity case—a dispute over a private property right—may be swept out of the federal courts under the cloak of "public rights," then anything can be, and Article III's guarantee is mere "wishful thinking." *Stern*, 564 U.S. at 495.

Nor can the Board be justified as a mere "adjunct" of Article III courts, see *id.* at 487-88, as it operates without meaningful Article III supervision and without the litigants' consent. The Board is not supervised by Article III courts in any way. Its decisions are final "judgments" appealable as of right directly to the Federal Circuit. Likewise Oil States, like most patent owners, emphatically did *not* consent to its property rights being adjudicated in a proceeding that bears all of the hallmarks of litigation but enjoys none of the protections of Article III. Article III does not permit Congress to bestow upon the Board the judicial power to adjudicate cases historically heard by courts at

common law. That power remains for the federal courts and their life-tenured, salary-protected judges alone.

II. *Inter partes* review impermissibly supplants juries as well as judges. The Seventh Amendment guarantees a jury trial "[i]n suits at common law," including those to vindicate "statutory rights that are analogous to common-law causes of action ordinarily decided in English law courts in the late 18th century." *Granfinanciera, S.A.* v. *Nordberg*, 492 U.S. 33, 40-41, 42 (1989) (citation omitted). English history is clear that patent-validity questions were. In 1791, "[a]n action for patent infringement [was] one that would have been heard in the law courts of old England." *Markman* v. *Westview Instruments, Inc.*, 52 F.3d 967, 992 (Fed. Cir. 1995). It had been that way for 200 years before that. See, e.g., *Darcy* v. *Allen*, 77 Eng. Rep. 1260 (K.B. 1603).

Even when a patent owner initiated an infringement action in the Court of Chancery, if the alleged infringer at issue, the Court of Chancery was required to send the matter to a court of law for a jury trial. Bottomley, *supra*, at 36-37, 41-43; see also Gómez-Arostegui, *supra*, at 210-12. Juries inevitably decided disputed questions of fact regarding patent validity. *Ibid.* So too today. See *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 377 (1996) (patent "infringement cases today *must* be tried to a jury" (emphasis added)).

Inter partes review, however, conditions patent owners' jury-trial rights on their opponents' choice of forum. The Seventh Amendment does not tolerate such a veto. As they have for centuries, patent owners have the right to try patent-infringement and patent-validity questions to juries—not to the Board.

ARGUMENT

I. *Inter Partes* Review Violates Article III.

Only an "Article III judge[] in [an] Article III court[]" may exercise the judicial power to decide a case that is the "subject of a suit at the common law, or in equity, or admiralty," *Stern*, 564 U.S. at 484 (quoting *Murray's Lessee*, 18 How. at 284), unless (1) the case resolves a claim on public rights, *id.* at 485, or (2) the litigants consent to a non-Article III forum under meaningful supervision by an Article III court. *Wellness Int'l*, 135 S. Ct. at 1944. In conducting *inter partes* review, the Board unabashedly wields the judicial power without any semblance of Article III's protections—and without any justification this Court has recognized for doing so.

The Board's adjudications resolve disputes over private rights heard for centuries in courts at common law. Administrative agents beholden to politically appointed Executive officers issue final judgments without the patent owner's consent, much less meaningful Article III supervision. Article III does not permit the Board to exercise this judicial power.

A. *Inter Partes* Review Impermissibly Adjudicates Matters That Were The Subject Of Suits At Common Law.

Through *inter partes* review, the Board (i) adjudicates patent-validity challenges, which (ii) were the subject of suits at common law. *Inter partes* review therefore violates Article III.

1. *Inter Partes* Review Is An Exercise Of The Judicial Power.

The judicial power is the power to "hear and determine a cause," *United States* v. *O'Grady*, 22 Wall. 641, 647 (1874), "subject to review only by superior courts in the Article III hierarchy." *Plaut* v. *Spendthrift Farm, Inc.*, 514 U.S. 211, 219 (1995). Private litigants and coordinate branches of government alike understand that the hallmark of the judicial power is the authority to "conclusively resolve[a] case," because the "judicial Power is one to render dispositive judgments." *Ibid.* (internal quotation marks omitted) (quoting Frank H. Easterbrook, *Presidential Review*, 40 CASE W. RES. L. REV. 905, 926 (1989)). The Board unquestionably resolves cases, exercising through *inter partes* review an Article III tribunal's powers in both form and substance.

Inter partes review bears every salient characteristic associated with the exercise of the judicial power. *Inter partes* review begins when a patent challenger files a petition with the Board seeking a declaration

that a given patent's claims are invalid. 35 U.S.C. § 311(a). The challenger and patent owner:

- Conduct motion practice before the Board, Office Patent Trial Practice Guide, 77 Fed. Reg. at 48,758;
- Take discovery for a subsequent trial, *id.* at 48,761-48,762;
- Depose and cross-examine witnesses, introduce evidence, and object to evidence based on the Federal Rules of Evidence, *ibid.*;
- Participate in an adversarial trial (called a "trial") during which they brief issues and argue before the Board's judges (called "judges"), *id.* at 48,758;
- May settle their case any time before judgment, 35 U.S.C. § 317(a), as amended, and 35 U.S.C. § 327;
- Receive a final, binding judgment (referred to as a "judgment" in the Board's regulations, e.g., Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,761, 48,766-48,767), as to the patent's validity, 35 U.S.C. § 318(a); and
- Can appeal that judgment as of right only directly to the U.S. Court of Appeals for the Federal Circuit. 35 U.S.C. §§ 141, 319.

Even the PTO describes *inter partes* review proceedings as adjudications, advertising that the Board "adjudicates * * * case[s]." Erin Coe, *USPTO Director Wants To Oversee A PTAB Case*, LAW360 (May 3,

2016), https://www.law360.com/articles/791561/exclusive-uspto-director-wants-to-oversee-a-ptab-case. Judges in these proceedings "develop[] patent case law through their decisions," and thereby "shape and grow the patent case law." USPTO, *Benefits of being an Administrative Patent Judge at the Patent Trial and Appeal Board (PTAB)*, YOUTUBE (Feb. 13, 2015), https://www.youtube.com/watch?v=y_vfvPuUUBY&feature=youtu.be. This accurate description of the Board's role maps onto the Founders' understanding of the judicial power: "The judicial authority consists in applying, according to the principles of right and justice, the constitution and laws to facts and transactions in cases, in which the manner or principles of this application are disputed by the parties interested in them." James Wilson, *Government, Lectures on Law*, 1:296-297 (1791), reprinted in THE FOUNDERS CONSTITUTION, Article 3, Section 1, U. CHI. (2000), http://press-pubs.uchicago.edu/founders/documents/a3_1s15.html.

Inter partes review, then, involves the exercise of the "judicial Power of the United States" by an administrative tribunal that is unquestionably not an Article III court. And, as demonstrated next, the tribunal exercises the judicial power to adjudicate matters that were the subject of suits at common law, and thus must remain in Article III courts.

2. Patent Validity Was The Subject Of Suits At Common Law.

Again, "Congress may not 'withdraw from judicial cognizance any matter which, from its nature, *is the*

subject of a suit at the common law, or in equity, or admiralty.'" *Stern*, 564 U.S. at 484 (emphasis added) (quoting *Murray's Lessee*, 18 How. at 284). Thus *inter partes* review cannot survive constitutional scrutiny if patent-validity claims were the subject of suits at common law or in equity. The parties in this case all agree that patent-validity claims were the subject of suits at common law or in equity—the only meaningful dispute is whether they were the subject of suits at common law *or* in equity for Seventh Amendment purposes. Where Article III is concerned, however, the dispute is entirely academic because, as both Greene's and the government acknowledge, *courts* (whether at law or in equity) have adjudicated patent-validity challenges for centuries. Greene's BIO at 6 ("Claims for annulment or cancellation of a patent * * * were traditionally brought before courts of equity[.]"); Fed. BIO at 15 (same).

English courts heard patent-infringement cases throughout the 18th century. See *Markman*, 52 F.3d at 992 ("An action for patent infringement is one that would have been heard in the law courts of old England."); see also, e.g., *Boulton* v. *Bull*, 126 Eng. Rep. 651, 656, 660 (C.P. 1795); *Morris* v. *Bramsom*, 1 Carp. P.C. 30, 31 (K.B. 1776); *Turner* v. *Winter*, 99 Eng. Rep. 1274, 1275 (K.B. 1787); 2 JOSEPH STORY, COMMENTARIES ON EQUITY JURISPRUDENCE 236-39, §§ 930-34 (Melville M. Bigelow ed., Little, Brown, & Co., 13th ed. 1886).

A patent-invalidity case began in one of several ways. First, it could have been filed as an infringement action in the Courts of King's Bench, Common Pleas, or the Exchequer of Pleas, where a defendant might

assert the relevant patent's invalidity as a defense. Bottomley, *supra*, at 36-37, 41-43; see also Gómez-Arostegui, *supra*, at 210-12; Br. for H. T. Gómez-Arostegui and S. Bottomley as *Amici Curiae* ("Legal Historians") at 5-6. Second, it could have begun as an infringement suit in the Court of Chancery—although if the defendant placed the patent's validity at issue, the matter was sent to a court of law for a jury trial. *Morris*, 1 Carp. P.C. at 31; *Turner*, 99 Eng. Rep. at 1275; *Horton* v. *Harvey* (K.B. 1781), reprinted in 1 James Oldham, *The Mansfield Manuscripts* 762 (1992); Br. of Legal Historians at 6.

Judicial adjudication of patent validity as a defense to infringement has a long pedigree. *Darcy*, 77 Eng. Rep. at 1262; see also Jacob Corré, *The Argument, Decision, and Reports of* Darcy v. Allen, 45 EMORY L.J. 1261, 1297 (1996). These validity defenses included assertions that a patent's claims were not novel, *Newsham* v. *Grey*, C33/376, f. 336^{r-v} (Ch. 1740), 2 Atk. 286, 286 (Ch. 1742); *Morris*, 1 Carp. P.C. at 32; *Martin* v. *Calfson* (K.B. 1781), reprinted in 1 James Oldham, *The Mansfield Manuscripts* 760-61—the same matter that the Board now adjudicates in *inter partes* review. 35 U.S.C. § 311(b).

Infringement suits aside, the Court of Chancery also reviewed the validity of a patent in actions commenced by a writ of *scire facias*—essentially a show-cause order to explain why the patent should not be revoked. *Am. Bell Tel. Co.*, 128 U.S. at 360; see also 3 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF

ENGLAND 260-61 (1768) ("Where the crown hath unadvi[s]edly granted any thing by letters patent, which ought not to be granted, * * * the remedy to repeal the patent is by writ of *scire facias* in chancery.").

To be sure, the King occasionally also acted to cancel patents. On rare occasions, the Privy Council would withdraw patents on behalf of the King—a practice that appears to have arisen out of the initial concept of patents as a royal prerogative, to be granted or withdrawn at the sovereign's discretion, and which has no analogue in American patent law. See Oren Bracha, *Owning Ideas: A History of Anglo-American Intellectual Property* 9 (June 2005) (unpublished Ph.D. thesis, Harvard Law School), https://law.utexas.edu/faculty/obracha/dissertation/pdf/chapter1.pdf ("The essence of sixteenth and seventeenth century English patents was being an instrument for the exercise of royal prerogative power."). But these patent withdrawals were rare indeed, having ceased entirely by 1779. Br. of Legal Historians at 34-37. Even a treatise writer in 1846, who urged others to revive use of the Privy Council for patent revocation, admitted that the "ordinary" remedy for the Crown or the public for dealing with a bad patent was "only available by pleading and proving the cause of invalidity in a Court of justice," by which he meant *scire facias*. W.M. HINDMARCH, A TREATISE ON THE LAW RELATING TO PATENT PRIVILEGES 431 (1846). These proceedings bear little on the scope of judicial authority in England at common law.

In any event, as this Court has noted before, tracing the roots of a historical practice does not depend on

how a matter was *occasionally* resolved, but on how it was *typically* resolved. See, e.g., *Granfinanciera*, 492 U.S. at 43 ("Respondent does not * * * contend that actions to recover fraudulent conveyances or preferential transfers were more than occasionally tried in courts of equity * * * * While respondent's assertion that courts of equity sometimes provided relief * * * is true, however, it hardly suffices to undermine petitioners' submission that the present action * * * would not have sounded in equity 200 years ago in England.").

Modern practice overwhelmingly reflects historical practice. The federal district courts routinely decide patent validity, which accused infringers assert as a defense or counterclaim. The "defenses in any action involving * * * infringement of a patent" include "[i]nvalidity of the patent." 35 U.S.C. § 282; see also, e.g., *Sandoz Inc.* v. *Amgen Inc.*, 137 S. Ct. 1664, 1673 (2017) ("Sandoz counterclaimed for declaratory judgments that the asserted patent was invalid[.]"); *J.E.M. Ag Supply, Inc.* v. *Pioneer Hi-Bred Int'l Inc.*, 534 U.S. 124, 129 (2001) ("Farm Advantage answered with a general denial of patent infringement and entered a counterclaim of patent invalidity[.]").

In sum, for centuries before the Founding—and, until very recently, for centuries after—courts determined whether a patent was valid. Because a patent's validity "is the subject of a suit at the common law, or in equity, or admiralty," Congress may not "withdraw from judicial cognizance" cases adjudicating that matter. *Stern*, 564 U.S. at 484 (quoting *Murray's Lessee*, 18 How. at 284). *Inter partes* review does just that—and,

as demonstrated next, it does so without any justification that this Court has recognized.

B. *Inter Partes* Review Cannot Be Justified By The Public-Rights Doctrine.

This Court has, to be sure, permitted tribunals other than Article III courts to exercise the judicial power over public rights—but that doctrine cannot justify *inter partes* review. Public rights encompass only claims (i) by or against the government, (ii) which have been historically resolved outside the Judicial Branch, or (iii) the resolution of which is "essential to a limited regulatory objective * * * integrally related to particular federal government action." *Stern*, 564 U.S. at 490-91. Patent-validity claims are none of these. Patents "have * * * the attributes of personal property," 35 U.S.C. § 261, and thus patent-validity claims involve disputes over quintessential private property rights that must be adjudicated by courts. Adam Mossoff, *Patents As Constitutional Private Property: The Historical Protections Of Patents Under The Takings Clause*, 87 B.U. L. REV. 689, 701 (2007) (discussing the American judicial tradition of patents' protection under Takings Clause as property rights).

If a question about a patent's validity may instead be shunted from the federal courts to an administrative agency "simply by deeming it part of some amorphous 'public right,'" then Article III's protections have devolved into mere "wishful thinking." *Stern*, 564 U.S. at 495. After all, public-rights cases are the exception.

Most disputes involve only private rights—including "private tort, contract, and property cases, as well as a vast range of other cases." *Atlas Roofing Co.* v. *Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 458 (1977). "Private rights * * * traditionally include[] * * * property rights," *Spokeo, Inc.* v. *Robins*, 136 S. Ct. 1540, 1551 (2016) (Thomas, J., concurring) (quoting 3 WILLIAM BLACKSTONE, COMMENTARIES 130-39), and these cases adjudicate "the liability of one individual to another under the law as defined." *Stern*, 564 U.S. at 489 (quoting *Crowell* v. *Benson*, 285 U.S. 22, 51 (1932)). These private rights—the broad swath of matters fit for judicial resolution—may only be adjudicated by Article III courts.

1. Patent-Validity Cases Are Private-Right Disputes Historically Resolved By Courts.

This Court has always regarded patents as property rights that may only be adjudicated as private rights—i.e., by Article III courts. Patents and the rights they confer have been referred to as "property" as early as the 1793 Patent Act. 1 Stat. 318, 320 (1793) (entitling inventors to "present a petition to the Secretary of State, signifying a desire of obtaining an exclusive property" in that invention); see also 35 U.S.C. § 261. Hence this Court's observation over a century ago that a patent takes its subject "from the people, from the public, and ma[kes it] the private property of the patentee." *Am. Bell Tel. Co.*, 128 U.S. at 370. The resulting patent rights are unquestionably the patent

owner's "private property." *Brown* v. *Duchesne*, 60 U.S. 183, 197 (1856). Only one "authority [is] competent to set" a private property right such as "a patent aside, or to annul it, or to correct it for any reason whatever." *McCormick Harvesting Mach. Co.* v. *C. Aultman & Co.*, 169 U.S. 606, 609 (1898). It is the same authority that can do so for all private rights: "the courts of the United States." *Ibid.*

Patents remain private property, and thus private rights, to the present day. Like a parcel of land, a patent entitles its owner to exclude others. See *General Information Concerning Patents*, USPTO (Oct. 2015), https://www.uspto.gov/patents-getting-started/general-information-concerning patents ("A patent for an invention is the grant of a property right to the inventor * * * the right to exclude others[.]"). The owner not only may, but *must*, enforce the boundaries of his property; the government asserts no ownership rights in the patent and does not assist the owner in protecting his rights. *Ibid.* ("Once a patent is issued, the patentee must enforce the patent without aid of the USPTO."). He must therefore seek judicial recourse against trespassers—infringers, in the patent context—to vindicate the boundaries of his property. *Akamai Techs., Inc.* v. *Limelight Networks, Inc.*, 786 F.3d 899, 924-25 (Fed. Cir. 2015). In this, a patent owner is like any other private party pressing a "private tort, contract," or—especially—"property case[]." *Atlas Roofing*, 430 U.S. at 458. This "vast range of * * * cases" is "not at all implicated" by the public-rights doctrine. *Ibid.* Neither is this case.

2. Patent-Validity Cases Are Not Brought By Or Against The Government.

The first, most straightforward line demarcating public-rights cases is whether the case is brought against the government. If so, the government could condition its consent to hear the claim at all on its being heard in its choice of forum. *Stern*, 564 U.S. at 489. This Court first recognized the notion of public rights in exactly that context in *Murray's Lessee*. There, the Treasury Department determined that a customs collector failed to transfer payments to the federal government and, as a consequence, sold a parcel of land belonging to the collector. 18 How. at 274-75. Multiple claimants asserted title to the land, with one challenging the Treasury Department's original determination and sale as an adjudication outside Article III courts. *Ibid.* After cautioning that Congress could not withdraw Article III matters from the federal courts, this Court coined the term "public right" to describe actions such as the sale. *Id.* at 284.

As this Court has since explained, because a case regarding the sale could commence only through a waiver of sovereign immunity, "[t]he point of *Murray's Lessee* [is] simply that Congress may set the terms of adjudicating a suit when the suit could not otherwise proceed at all" because of sovereign immunity. *Stern*, 564 U.S. at 489. Little explanation is required to understand that this category of public-rights cases cannot save *inter partes* review, which is initiated by

private parties and implicates no waivers of sovereign immunity.[4]

3. Patent Cases Have Not Historically Been Resolved Wholly Outside The Judicial Branch.

Murray's Lessee discussed another category of public rights cases—those involving rights that traditionally have been resolved wholly within another branch. 18 How. at 284. Congress could leave the adjudication of a justiciable case about those rights to that branch, this Court observed, or otherwise reassign its adjudication as it pleased. *Ibid.* Sometimes describing these matters as those "that historically could have been determined exclusively by" the Executive or Legislative Branches, *N. Pipeline*, 458 U.S. at 68 (plurality op.), *Murray's Lessee* provided as an example equitable claims of land ownership to territory that had been formally ceded to the United States. *Murray's Lessee*, 18 How. at 284. The Executive could unilaterally resolve competing rights disputes over these lands, just as the Recorder of Land Titles had in *Burgess* v. *Gray*, 16 How. 48, 61 (1853). *Murray's Lessee*, 18 How. at 284 (citing *Gray*). These cases, therefore, could also be adjudicated outside of Article III courts.

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[4] Of course, patent claims against the federal government may be heard in the Article I Court of Federal Claims. 28 U.S.C. § 1498(a).

Aside from adjudicating land claims in territory ceded to the United States, *Gray*, 16 How. at 61, and in the District of Columbia, where Congress has plenary power, *Am. Ins. Co.* v. *Canter*, 1 Pet. 511, 518 (1828); see also U.S. CONST. art. I, § 8, cl. 17, these public-rights cases included adjudications regarding membership in Indian tribes; the appraisal, classification, and collection of customs duties, *Ex Parte Bakelite Corp.*, 279 U.S. 438, 458-59 (1929); and other similar "functions, although mostly quasi judicial, [which] were all susceptible of performance by executive officers, and had been performed by such officers in earlier times." *Id.* at 458-59.

Disputes about a patent's validity, however, were not only *not* adjudicated by Executive "officers in earlier times," but this Court had also declared "the courts of the United States * * * [t]he only authority competent to set a patent aside, or to annul it, or to correct it for any reason whatever," *McCormick*, 169 U.S. at 609, and *not* "the department which issued the patent," the Executive. *Ibid.* Both historical practice and *McCormick*, then, foreclose calling a patent a "public right" on this basis.

4. Patent Cases Do Not Involve "New Statutory Obligations," Nor Is Their Adjudication "Essential To A Limited Regulatory Objective."

That leaves only the most recent strain of public-rights cases—those involving claims that "derive[] from a federal regulatory scheme, or in which resolution of the claim by an expert government agency is deemed essential to a limited regulatory objective within the agency's authority." *Stern*, 564 U.S. at 490. But these cases cannot justify the Board's adjudication of private patent rights either. This category includes only claims that meet two criteria. First, the claim must arise from a "new statutory obligation[]" created by Congress without a historical analogue to actions adjudicated by courts. *Atlas Roofing*, 430 U.S. at 450 (citation omitted). Second, the claim must be "integrally related to" a regulatory scheme governing parties' private conduct beyond merely the adjudication of those kinds of claims. *Stern*, 564 U.S. at 490-91. Patent-validity claims satisfy neither criterion.

First, this Court has reaffirmed time and again that this category of public rights arises only from *new* statutory obligations without historical analogues. Thus in *Atlas Roofing*, this Court emphasized that OSHA had expanded well beyond common-law negligence and wrongful-death liability by "creat[ing] new statutory obligations" that were previously unheard of. 430 U.S. at 450.

Similarly, there was no common-law analogue to the statutory compensation scheme in *Thomas* v. *Union Carbide Agricultural Products Co.*, 473 U.S. 568 (1985), which entitled federal pesticide registrants to compensation for the costs of trade-secret information disclosed to the federal government. As this Court noted, trade-secret property interests were conventionally extinguished by their disclosure to a party not obligated to keep them secret—so a statute entitling the disclosure of a secret to compensation provided a claim without a common-law counterpart. *Id.* at 584-85.

Likewise, the obligations vindicated by the broker-reparation scheme in *Commodity Futures Trading Commission* v. *Schor*, 478 U.S. 833 (1986), significantly expanded the common law. This Court later described the Commodity Exchange Act as prohibiting both "fraudulent" and "manipulative conduct" related to commodity futures transactions, *id.* at 836—a novel statutory expansion on traditional fraud (just as the OSHA obligations in *Atlas Roofing* expanded negligence and wrongful-death actions).[5]

Compared to these novel administrative regimes, patents are hardly "new statutory obligations." Far

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[5] In *Schor*, this Court permitted the Commission to adjudicate a state-law, private-right counterclaim along with the public-rights claims because it was "necessary to make the reparations procedure workable" and amounted to an "intrusion * * * [that] can only be termed *de minimis*." 478 U.S. at 856. Moreover, the parties in *Schor* consented to the adjudication, see *Wellness Int'l*, 135 S. Ct. at 1944, and that is not the case here.

from being a stranger to the common law, patents have been adjudicated by American and English courts for centuries. The most one could say is that they arise by statute. But this is not enough: the applicability of the constitutional right to jury trial—and thus the right to an Article III court, *Granfinanciera*, 492 U.S. at 53-54—in actions enforcing "statutory rights" is "a matter too obvious to be doubted." *Curtis* v. *Loether*, 415 U.S. 189, 193 (1974).

If the mere creation of a right by federal statute sufficed to enable Congress to vest the judicial power to adjudicate disputes regarding that right in a non-Article III tribunal, then Congress could just as easily create an Article I court to adjudicate Sherman Act cases, as American antitrust law significantly expanded on common-law jurisprudence regarding restraints of trade. *United States* v. *Socony-Vacuum Oil Co.*, 310 U.S. 150, 224 n.59 (1940). Of course, it cannot. *Fleitmann* v. *Welsbach Street Lighting Co. of Am.*, 240 U.S. 27, 29 (1916). Indeed, the notion that Congress could divest federal courts of the judicial power over rights merely because they arise under the laws of the United States would surely have confused the conventions ratifying Article III, who affirmed that the "judicial power" of the federal courts "shall extend to all cases, in law and equity, arising under * * * the laws of the United States," U.S. CONST. art. III, § 2, even when those laws granted rights.

Second, even if patent rights were somehow "new statutory obligations," they still would not qualify as

public rights because they fail the second requirement—they are not "integrally related" to a particular federal government action with a limited regulatory objective. *Stern*, 564 U.S. at 490-91. In other words, these integrally related adjudications are closely related in subject matter to an attempt to enforce a governmental obligation on regulated parties. The adjudication itself cannot be the "limited regulatory objective"—otherwise it would be no limit at all.

Atlas Roofing is the paradigm of this sort of case. There, the federal government cited two companies for violating OSHA after several employees died in workplace incidents. 430 U.S. at 447. The adjudication of these citations in a non-Article III tribunal was permissible, this Court held, because they were integrally related to the government's enforcement action against the cited business. *Id.* at 460-61. Likewise, in *Thomas*, this Court approved a non-Article III tribunal where the dispute was "integral[ly] related" to a "complex regulatory scheme" involving particular governmental regulatory actions over particular pesticides. 473 U.S. at 589. And the claims adjudicated in *Schor* arose from a private attempt to enforce government regulatory obligations under the Commodities Exchange Act, along with a state-law counterclaim that arose out of the same transaction, adjudicated because it was "necessary to make the reparations procedure workable." 478 U.S. at 856-57. These, too, were integrally related to the Act's reparations procedure and to the Act's enforceable public obligations.

In each of these cases, the rights in question derived from a federal regulatory scheme where adjudicating those rights was critical to a specific regulatory obligation enforceable through an action *aside* from the adjudication itself. But *inter partes* review does not follow from a governmental enforcement effort, does not regulate private conduct, does not follow from any public obligations borne by patent owners, and therefore is not integrally related to any particular federal governmental action.

It is not, for example, conducted to resolve a citation or sanction by the federal government for noncompliance with a federal regulatory regime, as in *Atlas Roofing*. Nor, as in *Thomas*, is *inter partes* review pursuant to some common governmental obligation on regulated entities. Nor, as in *Schor*, is it the adjudication of competing claims of right under a federal regulatory regime. Indeed, the PTO disclaims the responsibility to regulate private parties and the infringement of their rights that administrative agencies enforcing public rights take up: the Board does not seek to enforce obligations against private parties on behalf of the government. Instead, it adjudicates "[w]holly private * * * property cases," the very opposite of "public rights." See *Atlas Roofing*, 430 U.S. at 458.

Thus to justify its conclusion that *inter partes* review involves a public right, the Federal Circuit was forced to expand this Court's narrow public-rights doctrine far beyond what this Court has ever recognized. See *MCM Portfolio*, 812 F.3d at 1290-91. Rather than

"limit[ing] the exception to cases * * * in which resolution of the claim by an expert government agency is deemed *essential* to a *limited regulatory objective*," *Stern*, 564 U.S. at 490 (emphasis added), the Federal Circuit vastly expanded it by regarding agency "expertise" as sufficient. And contrary to the Federal Circuit, see *MCM Portfolio*, 812 F.3d at 1290-91, agency expertise alone is no limit at all. Any agency (one hopes) may gain expertise in a given regulatory scheme and accompanying area of law by having the Executive Branch's authority to enforce that law delegated to it. Indeed, to justify conferring the judicial power under Article III merely on the PTO's expertise amounts to a buy-one-get-one-free sale for the Constitution's Vesting Clauses: exercise the executive power, get the judicial power thrown in, too.

And to justify the PTO's exercise of the judicial power based on its potential *errors* in applying the patent law (by wrongly issuing certain patents in the first place), see *ibid.*, is risible. There is already a branch with the specific competence and the constitutional mandate to examine whether Executive Branch actors have complied with the laws of the United States: the Judicial Branch. This argument for exercising the judicial power amounts to the belief that combining the various powers in our government into one body improves the chances that each will be exercised well. It suffices to say that this belief is reflected neither in the Founders' conception of the separation of powers nor in this Court's.

If these threadbare reasons suffice to combine separated powers, then the Constitution's powers are separated in name only. Congress may bypass Article III by setting up a specialist Executive body to perform any lawful function and then bootstrap the illegitimate power to adjudicate cases arising from those actions under the guise of expertise and error correction. A public-rights doctrine so capacious cannot be reconciled with Article III or this Court's cases enforcing its limits. Patent-infringement and patent-validity cases are private property disputes, and no conception of public rights that this Court has recognized or should recognize converts such a private dispute into a public one.

C. No Other Basis Recognized By This Court Can Excuse *Inter Partes* Review.

This Court has also considered whether, as a practical matter, decision-making by a non-Article III tribunal would "usurp the constitutional prerogatives of Article III courts." *Wellness Int'l*, 135 S. Ct. at 1944-45. This analysis further confirms that *inter partes* review violates Article III because it intrudes upon the separation of powers and usurps the constitutional prerogatives of the Judicial Branch.

1. *Inter Partes* Review Subjects Litigants To A Non-Article III Tribunal Without Their Consent.

First and foremost, this Court has considered whether the parties have consented to adjudication by a non-Article III tribunal. See *Wellness Int'l*, 135 S. Ct. at 1943. Although "notions of consent and waiver cannot be dispositive because the limitations [of Article III] serve institutional interests that the parties cannot be expected to protect," *Schor*, 478 U.S. at 851, where "the decision to invoke th[e] forum is left entirely to the parties," *id.* at 855, consent diminishes separation-of-powers concerns "for it seems self-evident that * * * Congress may make available a quasi-judicial mechanism through which willing parties may, at their option, elect to resolve their differences." *Ibid.*; see also *Peretz* v. *United States*, 501 U.S. 923, 936 (1991) (holding that Article III permits a litigant to consent to a magistrate judge supervising jury selection); *Wellness Int'l*, 135 S. Ct. at 1944 (explaining that the "entitlement to an Article III adjudicator is a personal right and thus ordinarily subject to waiver" (internal quotation marks omitted)).

Inter partes review, however, can and does—as it did in this case—adjudicate patent validity over the objections of the patent owner. Like the litigants in *Stern* and *Northern Pipeline*, Oil States "'did not * * * consent to' resolution of the claim against it in a non-Article III forum." 135 S. Ct. at 1946 (quoting *Stern*, 564 U.S. at 493). To the contrary, Oil States vigorously opposed *inter partes* review. "[T]he cases in which this

Court has found a violation of a litigant's right to an Article III decisionmaker have involved an objecting defendant forced to litigate involuntarily before a non-Article III court." *Wellness Int'l*, 135 S. Ct. at 1947. This is precisely such a case.

2. *Inter Partes* Review Is Conducted Without Meaningful Article III Supervision.

This Court has, at times, approved the exercise of the judicial power by non-Article III tribunals when they are subject to substantial supervision by Article III courts. See *Schor*, 478 U.S. at 853 (agency orders were "enforceable only by order of the district court"); *Northern Pipeline*, 458 U.S. at 85-86 (explaining that "the agency in *Crowell* was required by law to seek enforcement of its compensation orders in the district court"). *Inter partes* review, however, is conducted without any Article III supervision whatsoever: proceedings begin and run their course to judgment without an Article III court's involvement at any point.

The Board's orders—or "judgments"—are wholly self-executing and appealable as of right only directly to the Federal Circuit. Nor can the district court—as in *Wellness International*—withdraw a reference to the Board. See 135 S. Ct. at 1945. Once *inter partes* proceedings are instituted, litigants have no option other than to try their case before a non-Article III tribunal without having that tribunal subject to any Article III supervision or control.

An Article III court becomes involved with an *inter partes* review proceeding only if a party appeals to the Federal Circuit. But appellate review is not what this Court has deemed "supervision" or "control." For example, an Article III court controlled the non-Article III tribunal in *Crowell* in part because the tribunal could not issue a self-executing judgment—only a district court could. 285 U.S. at 44-45, 48. Likewise, only a district court could enforce the Commission's orders in *Schor*, 478 U.S. at 853. And references to bankruptcy judges can be withdrawn by district courts. *Northern Pipeline*, 458 U.S. at 80 n.31.

This Court has also underscored Article III courts' control over magistrates, including their selection as an initial matter. *Wellness Int'l*, 135 S. Ct. at 1945. But *inter partes* review shares none of these characteristics. Board judgments are self-executing; no Article III court may withdraw *inter partes* proceedings; and the Executive controls the composition of the Board. All that is left to an *inter partes* litigant is a right to appeal, which this Court has never held or even suggested could be sufficient as "control" or "supervision."

Moreover, even when an *inter partes* litigant appeals to the Federal Circuit, the Board receives extraordinary deference. The Federal Circuit reviews *inter partes* review proceedings to determine whether the Board's findings are supported by "substantial evidence," *Homeland Housewares, LLC* v. *Whirlpool Corp.*, No. 2016-1511, ___ F.3d ___, 2017 WL 3318764, at *2 (Fed. Cir. Aug. 4, 2017), a standard of review that this Court has equated to the standard for overturning

a jury's verdict. *N.L.R.B.* v. *Columbian Enameling & Stamping Co.*, 306 U.S. 292, 300 (1939). Indeed, this standard is far more deferential than the "clearly erroneous" review held insufficient in *Northern Pipeline*, 458 U.S. at 85, and vastly more deferential than the schemes upheld in *Crowell* and *Schor*. See *Schor*, 478 U.S. at 853 ("CFTC orders are also reviewed under the same 'weight of the evidence' standard sustained in *Crowell*, rather than the more deferential [clearly erroneous] standard found lacking in *Northern Pipeline*."); *Dickenson* v. *Zurko*, 527 U.S. 150, 152-53 (1999).

Thus when conducting *inter partes* review, the Board does not function merely as a fact-finding "adjunct" of the district court, reserving judicial power for the Judicial Branch. To the contrary, the Board adjudicates cases entirely bereft of the Article III court supervision that this Court has deemed essential. For example, in permitting parties to waive their right to an Article III forum and permit adjudications of particular matters in bankruptcy courts, the Court noted that "[b]ankruptcy judges, like magistrate judges, 'are appointed and subject to removal by Article III judges.'" *Wellness Int'l*, 135 S. Ct. at 1945 (quoting *Peretz*, 501 U.S. at 937). The entire process of adjudication by bankruptcy judges and magistrates thus "takes place under the district court's total control and jurisdiction." *Ibid.*

Not so with *inter partes* review. Board judges are appointed through a process seated entirely in the Executive Branch. The Director of the PTO recommends potential judges to the Commerce Secretary, who in

turn makes the final selection. *Patent Trial and Appeal Board: Are you interested in becoming an administrative patent judge?*, USPTO (Apr. 10, 2014).[6] The Secretary is not required to seek the President's approval, nor is Congress involved in the selection process. *Ibid.*; see also Letter from Richard A. Epstein, Professor, New York University School of Law, and F. Scott Kieff, Professor, George Washington University School of Law, to the House Judiciary Committee 12-13 (Mar. 30, 2011) (noting the sweeping powers of the PTO Director regarding the Board and concluding that the agency has "the power that is denied to the President and the Congress in setting up both Article I and Article III courts").

Once selected, the judges have no tenure-in-office protections beyond those that ordinary civil servants enjoy. Unlike, for example, judges on the Article I Court of Claims, they do not serve for a fixed term of years. 28 U.S.C. § 172. And they may be discharged like any other federal employee covered by the civil service laws. See Civil Service Reform Act of 1978, Pub. L. No. 95-454, 92 Stat. 1111 (1978).

Board judges depend wholly on their superiors for performance evaluations, promotions, and raises. See, e.g., *Organizational Structure and Administration of Patent Trial and Appeal Board*, *supra* (describing promotion system). The salary and promotion potential of

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[6] Available at https://www.uspto.gov/ip/boards/bpai/ptab_brochure_v2_4_10_14.pdf.

every judge thus depends on the approval of a politically appointed Executive Branch officer (or the officer's subordinates).

Not only are the judges of the Board wholly dependent on politically appointed Executive Branch officers for salary, promotion, and tenure, but the Executive Branch can also directly influence the Board's decision-making. The Director of the PTO, a political appointee, selects how many judges (above the three required by the statute) and which ones will adjudicate cases. See 35 U.S.C. § 6(c). The Director can even designate himself to adjudicate an *inter partes* review. See 35 U.S.C. § 6(a).

The risk that these powers will be used to influence specific decisions is not hypothetical. It has already happened. Two Federal Circuit judges recently expressed "concern[] about the PTO's practice of expanding panels to decide requests for rehearing." *Nidec Motor Corp.* v. *Zhongshan Broad Ocean Motor Co.*, No. 16-2321, ___ F.3d ___, 2017 WL 3597455, at *6 (Fed. Cir. Aug. 22, 2017) (Dyk, J., concurring). "Here, after a three-member panel of administrative judges denied" a petitioner's request to join its second, time-barred, petition with its earlier, timely filed and instituted *inter partes* review, the petitioner requested rehearing. *Id.* at *1-2. "The Acting Chief Judge, acting on behalf of the Director" then "expanded the panel from three to five members" in order, in the Director's words, to achieve "uniformity" of the Board's decisions. *Id.* at *6. That expanded panel reversed the prior panel's decision, leading several Federal Circuit judges

to "question whether the practice of expanding panels where the PTO is dissatisfied with a panel's earlier decision is" an "appropriate mechanism" for "achieving the" Director's "desired uniformity." *Ibid.*

This is not the first time the Director of the PTO has appointed judges to panels to alter decisions in pending cases. After a three-member panel of the Board's predecessor BPAI reversed a patent examiner's rejection of claims in a patent application, the head of the BPAI appointed an expanded panel for rehearing. *In re Alappat*, 33 F.3d 1526, 1531 (Fed. Cir. 1994) (*en banc*), abrogated on other grounds by *In re Bilski*, 545 F.3d 943 (Fed. Cir. 2008). The five new members all voted against the decision of the original three-member panel. *Ibid.* A plurality of the Federal Circuit concluded that the "statutory scheme" permitted the head of the Board "to determine the composition of Board panels, and thus he may convene a Board panel which he knows or hopes will render the decision he desires, even upon rehearing, as he appears to have done in this case." *Id.* at 1535 (plurality op.).

The PTO's Solicitor recently acknowledged that the practice of appointing additional judges to reverse a panel's judgment continues under the current Board. See *Yissum Research Dev. Co.*, *supra*, Oral Argument at 48:00-06. As the Solicitor put it, the Director has to "be able to make sure that her policy judgments [were] enforced by the Board" in any given case. *Id.* at 43:17-42. Such a system of adjudication—in which a political appointee can hand-pick a panel to render the decision

she desires—could not be further removed from the guarantees of judicial independence secured by Article III.

These are the dangers against which Article III supervision is designed to guard: the possibility that Congress could "transfer jurisdiction [to non-Article III tribunals]," thus "aggrandiz[ing] * * * one branch at the expense of the other." *Wellness Int'l*, 135 S. Ct. at 1944 (quoting *Schor*, 378 U.S. at 850). Congress has done just that, wresting the judicial power from a politically independent judicial tribunal and vesting it in a politically beholden Executive one—aggrandizing to the Executive that which belongs to the Judiciary. Article III's "structural purpose[s]," *ibid.*, forbid Congress from doing so.

D. The Concerns That Led Congress To Establish *Inter Partes* Review Confirm The Article III Violation.

The "concerns that drove Congress to depart from the requirements of Article III" in establishing *inter partes* review only confirm that it violates Article III. See *Schor*, 478 U.S. at 851.

Congress created *inter partes* review primarily out of a concern that the federal district courts provided insufficient protection against the assertion of meritless patents. See H.R. REP. NO. 112-98, at 39 (noting "a growing sense that questionable patents are too easily obtained and are too difficult to challenge"); *id.* at 48 (explaining that the statute seeks to "improve

patent quality and restore confidence in the presumption of validity that comes with issued patents"). To the extent the AIA was motivated by concerns about abusive or inefficient consolidation of patent litigation in the Eastern District of Texas, in particular, preliminary studies suggest that this Court's recent decision in *TC Heartland LLC* v. *Kraft Food Brands, LLC*, 134 S. Ct. 1514 (2017), is expected to reduce filings there by 70 percent. See, e.g., *How TC Heartland May Affect District Court Filings: A Quantitative Assessment*, Unified Patents (June 1, 2017), https://www.unifiedpatents.com/news/2017/5/31/a-quantitative-assessment-of-how-tc-heartland-may-affect-district-court-filings.

Not surprisingly, *inter partes* review has done just what it was designed to do—invalidating nearly 80 percent of the patents in the cases it adjudicates as of March 2016. *PTAB Statistics*, USPTO (Mar. 31, 2016), https://www.uspto.gov/sites/default/files/documents/2016-3-31%20PTAB.pdf. As the then-chief administrative judge of the Board put it in 2014, "[i]f we weren't, in part, doing some 'death squadding,' we would not be doing what the statute calls on us to do." Ryan Davis, *PTAB's 'Death Squad' Label Not Totally Off-Base*, LAW360 (Aug. 14, 2014), http://bit.ly/2p2JPDo.

Congress quite intentionally withdrew a significant number of patent disputes—those involving invalidity defenses and counterclaims—from federal district courts because Congress was dissatisfied with the speed and results of district court decision-making. Congress is free to change the rules of decisions

applied by federal courts (within the constraints imposed by other constitutional provisions, of course). But Congress cannot withdraw matters traditionally adjudicated in courts of law from Article III courts so that an administrative agency can adjudicate those matters in "trials" that lack Article III's most fundamental guarantees. Such a purpose is flatly inconsistent with the separation-of-powers principles inherent in Article III.

Indeed, because *inter partes* review stands virtually alone among non-Article III tribunals in combining both a full-dress exercise of judicial power with a private-right subject matter, invalidating *inter partes* review would have no spill-over effect into other administrative proceedings.

Unlike the Court of Federal Claims—which adjudicates only claims against the government, and thus necessarily public rights—the Board resolves cases between private parties. See 28 U.S.C. § 1491. Unlike the International Trade Commission, whose "decisions * * * involving patent issues have no preclusive effect in other forums," see *Texas Instruments* v. *Cypress Semiconductor Corp.*, 90 F.3d 1558, 1569 (Fed. Cir. 1996), the Board issues final "judgments" that can be overturned only by the Federal Circuit. As observed by one Federal Circuit judge, "a decision of the PTO, an administrative agency under a coordinate branch of government, can displace a judgment of an Article III court." *ePlus, Inc.* v. *Lawson Software, Inc.*, 789 F.3d 1349, 1370 (Fed. Cir. 2015) (O'Malley, J., dissenting). Unlike interference proceedings, *inter partes* review

provides no recourse to a federal district court for a full Article III trial. And unlike traditional *ex parte* reexamination—which is an interactive proceeding between the agency and the patent owner—*inter partes* review is an adversarial proceeding with all the trappings of litigation.

Each of these other tribunals or proceedings stops short of exercising Article III judicial power over private rights. *Inter partes* review does not. This Court would therefore call no other tribunal or proceeding into question by prohibiting this clear intrusion into Article III.

II. *Inter Partes* Review Violates The Seventh Amendment.

No less than wrongfully usurping the role guaranteed to federal courts by Article III, *inter partes* review also usurps the role guaranteed to juries under the Seventh Amendment. Historically, challenges to a patent's validity were decided in actions at law, with disputed questions of fact resolved by juries. The Seventh Amendment preserves the same jury right for patent owners today.

The Seventh Amendment guarantees federal litigants a jury "[i]n suits at common law," U.S. CONST. amend. VII, "preserv[ing] the right to jury trial as it existed in 1791." *Curtis*, 415 U.S. at 193. Thus federal litigants may try to juries questions of fact in actions customarily tried to juries in the late 18th century as

well as their modern-day statutory analogues. *Granfinanciera*, 492 U.S. at 42. Patent-validity actions were tried to juries in England, but the Board adjudicates those same actions (or their modern-day analogues) today. The Seventh Amendment does not permit that arrangement.

As discussed above, *supra* Part I.A.2., patent-validity cases began in several ways in England in 1791: during a patent infringement action at law or suit in equity, or otherwise through an action commenced by a writ of *scire facias*. A dispute concerning a patent's validity was treated as an action at law in any event. The Statute of Monopolies, which regulated the granting of patents in England, "declared * * * [t]hat all * * * lettres patentes * * * and the force and validitie of them and every of them ought to be, and shall be for ever hereafter examyned heard tryed and determined by and accordinge to the Cõmon Lawes of this Realme & not otherwise." 21 Jac. 1, c. 3, § 2.

Infringement actions were the typical way that patent-validity questions arose. For the most part in 1791, "[a]n action for patent infringement is one that would have been heard in the law courts of old England." *Markman*, 52 F.3d at 992. This was the usual occurrence, and this Court bases its historical analysis on what typically occurred, occasional outliers notwithstanding. See, e.g., *Granfinanciera*, 492 U.S. at 43.

An infringement action brought in the law courts would begin with the patent owner filing an action for

trespass on the case, Gómez-Arostegui, *supra*, at 212-13; Br. of Legal Historians at 9—the archetypical common-law tort action for damages. See *City of Monterey* v. *Del Monte Dunes at Monterey, Ltd.*, 526 U.S. 687, 715-16 (1999). "Actions on the case, like other actions at law, were tried before juries," *Feltner* v. *Columbia Pictures Television, Inc.*, 523 U.S. 340, 349 (1998) (Thomas, J.), and a patent-infringement action was no different.[7] In response, when the alleged infringer generally denied infringement through a "not guilty" plea, the case was tried to a jury if the alleged infringer requested it. Gómez-Arostegui, *supra*, at 212-13; Br. of Legal Historians at 9.

Juries resolved numerous disputed-fact questions in these actions, including those that would preclude a conclusion of infringement if found in the negative. These questions included whether a patent's invention was novel and whether the patent owner had actually invented the patented invention. E.g., *Liardet* v. *Johnson* (K.B. 1778), reprinted in 1 James Oldham, *The Mansfield Manuscripts* 753, 756. Jury instructions in these cases would charge jurors with determining, for

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[7] In this, a patent-infringement action operated like its close cousin, the copyright-infringement action, which, as this Court has held, is plainly an action at law to which the Seventh Amendment right attaches. *Feltner*, 523 U.S. at 351, 354-55; see also H. Tomás Gómez-Arostegui, *The Untold Story of the First Copyright Suit under the Statute of Anne in 1710*, 25 BERK. TECH. L.J. 1247, 1326-38 (2010) (explaining that "courts of record," such as those called on under Statute of Anne, cited in *Feltner*, were necessarily courts at law, and thus actions instituted in such courts were at law, not in equity). Just so here.

example, whether a claimed invention was "known and in use before" an alleged infringement as "a matter of fact, the proof of which lies on Defendant." *Ibid.* Likewise, another instruction informed the jury that they must decide if the "Patentee * * * [was] really the inventor [and] the Invention * * * is new." Br. of Legal Historians at 17-18; *Strutt* v. *James* (C.P. 1783). In other words, not only was the question of patent infringement tried to a jury, but the necessary preconditions for the patent's validity were tried to a jury as well.

A patent owner could initiate an infringement action in the Court of Chancery as well; after all, the owner had his choice of venue between the courts of law or the courts of equity. Bottomley, *supra*, at 36-37. But the Statute of Monopolies prevented the courts of equity from determining a patent's validity. Indeed, Edward Coke explained that the Statute of Monopolies' restriction on patent-validity questions to courts of law—that all challenges to patents or their validity must "be examined, heard, tried, and determined in the courts of the common law according to the common law"—was designed *deliberately* to exclude courts of equity and other bodies from resolving patent-validity questions. EDWARD COKE, THIRD PART OF THE INSTITUTES OF THE LAWS OF ENGLAND 182-83 (London, W. Clarke, & Sons, 1809) (1644).

Validity questions could be determined *only* in courts of law—and thus before juries—and "not at the councell table, star-chamber, chancery, exchequer

chamber, or any other court of like nature, but only according to the common laws of this realm." *Ibid.* Coke explained why the Statute of Monopolies required these actions to be heard in the courts of law, and thus before juries: "such boldness the monopolists took" in these other, jury-less venues in "not obeying the commandments and clauses of the said grants of monopolies" that "the preventing of which mischief" through exclusive trial at law was necessary. *Ibid.* Thus only juries could be entrusted to decide whether a patent was valid.

As a result, when a patent owner began an infringement action in the courts of equity, if the alleged infringer challenged the patent's validity as a defense, the court of equity was required to send the case to a court of law for jury trial. As one jurist sitting in equity summarized, "[i]f [a] Question arises whether there is Infringement or Novelty of Invention, they"—the courts of equity—"refer those Questions to Law." *Liardet* v. *Johnson*, GT Eldon MS, Notes of Cases 1779, at 34, 46 (Ch. 1780); Br. of Legal Historians at 12. As Blackstone explained, once a court of equity "direct[ed] the matter to be tried by jury," 3 WILLIAM BLACKSTONE, COMMENTARIES 452, "the verdict of the jurors determine[d] the fact" issues so tried "in the court in equity." *Ibid.* Far from "advisory," jury verdicts in these cases were binding. Even when filed in courts of equity, infringement actions and validity questions were tested as actions at law, tried to juries.

A patent's validity could also be challenged through an action commenced by a writ of *scire facias*, which would be initiated in the Court of Chancery.

But the Court of Chancery still treated these proceedings as actions at law, and sat as a court of law, as Blackstone noted that Chancery always did for actions instituted by writs of *scire facias*. 3 WILLIAM BLACKSTONE, COMMENTARIES 47. In this dual court—"the one ordinary, being a court of common law; the other extraordinary being a court of equity," *ibid.*, *scire facias* writs were heard by the former. *Ibid.* "The ordinary legal court [of Chancery] is much more ancient than the court of equity. It's [*sic*] jurisdiction is to hold plea[s] upon a scire facias to repeal and cancel the king's letters patent, when made against law, or upon untrue suggestions." *Ibid.*

Here, too, disputed fact questions on the *scire facias* writ were tried to juries, although the Court of Chancery had to send the case again to the Court of King's Bench, as the Court of Chancery could not summon a jury. As Blackstone again summarizes: "if any fact be disputed between the parties" on the writ's issuance, "the chancellor cannot try it, having no power to summon a jury." *Id.* at 48. Instead, he "must deliver the record * * * into the court of king's bench, where it shall be tried by the country"—tried *by jury*—"and judgment shall be there given thereon." *Ibid.* American courts, including this Court, took this practice with them with the writ. See *Ex Parte Wood & Brundage*, 22 U.S. 603, 614-15 (1824) ("[I]t is ORDERED * * * that the said Judge do award a process, in the nature of a *scire facias*, to the patentees, to show cause why the said patent should not be repealed * * * and that if the issue be an issue of fact, the trial thereof be by a jury.").

No matter whether presented in an infringement action in the courts of law, as one in the courts of equity, or in an action commenced by a writ of *scire facias* in the Court of Chancery, the result was the same: questions as to a patent's validity were tried to juries. Bottomley, *supra*, at 36-37, 41-43; see also Gómez-Arostegui, *supra*, at 210-12; Br. of Legal Historians at 14-19. The resolution of disputed facts in these cases is therefore part of the jury-trial right preserved by the Seventh Amendment—and must remain in courts, before juries.

Transferring the adjudication of these fact questions from juries to the Board is not merely incidental to *inter partes* review—it is the point. A petition for *inter partes* review may seek *only* the cancellation of "[one] or more claims of a patent," and only on specific grounds: that a patent's subject-matter is not novel, that it was anticipated by the prior art, or that the patent's invention was obvious. 35 U.S.C. §§ 102(a), 103, 311(b). As demonstrated above, these are the same types of issues that *juries* traditionally decided in suits at common law.

Juries likewise resolved numerous disputed questions of fact about patents, such as whether the patentee actually invented the subject matter, whether the invention was useful, whether the patent had explained its method of production enough to enable others to replicate the invention, and so on. E.g., *Hill* v. *Thompson*, 3 Meriv. 622, 630 (Ch. 1817); *Boulton*, 126 Eng. Rep. at 659; *Liardet* v. *Johnson* (K.B. 1778), reprinted in 1 James Oldham, *The Mansfield Manuscripts* 753, 756; Br. of Legal Historians at 16-18. For

that matter, juries decided these questions as ultimate issues. *Ibid.* Whether modern questions regarding novelty or obviousness are precisely the same questions that English jurors resolved, they are unquestionably close statutory analogues, so the result is the same: they fall within the Seventh Amendment's scope. See generally *Granfinanciera*, 492 U.S. at 42.

Patent owners therefore have a right to try disputed-fact questions in these matters to juries. As English historical practice reveals, patent-validity and patent-infringement actions are two sides of the same coin: validity challenges arose in response to infringement actions, and were adjudicated in the same case—the same "Suit[] at common law." Before *inter partes* review, these questions arose in the same Article III cases as well. Indeed, the first Patent Act, passed a year *before* the Seventh Amendment was ratified, expressly entitled patent owners to jury trials over infringement actions, guaranteeing "damages as shall be assessed by a jury" for this "action on the case"—meaning an action at law. 1 Stat. 109, 111. Sensibly, "there is no dispute that infringement cases today must be tried to a jury, as their predecessors were more than two centuries ago." *Markman*, 517 U.S. at 377 (citing *Bramah* v. *Hardcastle*, 1 Carp. P.C. 168 (K.B. 1789)). This guarantee is meaningless if an alleged infringer may nullify it by filing a preemptive or parallel petition for *inter partes* review.

The distinction is no mere matter of procedure. The jury-trial right was one of the most venerated by both the English and the Founders: as "the glory of the

English law," 3 WILLIAM BLACKSTONE, COMMENTARIES 79, "the Constitution would have been justly obnoxious * * * if it had not recognized" the right "in the most solemn terms." 2 JOSEPH STORY, COMMENTARIES ON THE CONSTITUTION § 1773 (Boston, Hilliard, Gray, & Co. 1833). For disputed-fact questions concerning the validity of a patent, juries are the ones entitled to decide—and patent owners are entitled to have them do so.

* * *

Patent-validity challenges were "traditional actions at common law" and therefore "the responsibility for deciding that [type of] suit rests," at a minimum, "with Article III judges in Article III courts." *Stern*, 564 U.S. at 484; see also *Am. Bell Tel. Co.*, 128 U.S. at 365 ("Patents are sometimes issued unadvisedly or by mistake * * * * In such cases courts of law will pronounce them void * * * * That is a judicial act, and requires the judgment of a court."). Thus the "exercise of judicial power" in these cases "may [not] be taken from the Article III Judiciary." *Stern*, 564 U.S. at 494, 495. Nor may disputed fact issues in these cases—which were traditionally suits at common law—be taken away from juries. But that is just what Congress has done with *inter partes* review. For all these reasons, *inter partes* review violates the Constitution.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted,

ALLYSON N. HO
Counsel of Record
JUDD E. STONE
MORGAN, LEWIS & BOCKIUS LLP
1717 Main Street, Suite 3200
Dallas, Texas 75201
T. 214.466.4000
allyson.ho@morganlewis.com

C. ERIK HAWES
MORGAN, LEWIS & BOCKIUS LLP
1000 Louisiana Street,
Suite 4000
Houston, Texas 77002
T. 713.890.5000

Counsel for Petitioner